



# 2016 Highlights

## RISK AND CONTROL IMPROVEMENTS

### **OCC Bolstered its Resiliency**

OCC completed the remediation of 53 percent of legacy regulatory examination findings. We also implemented changes needed to comply with requirements under SEC Regulation SCI and the new requirements set forth in the SEC's new Standards for Covered Clearing Agencies.

### **S&P Reaffirms OCC AA+/Stable Rating**

OCC's AA+/Stable rating was reaffirmed by Standard & Poor's, who said, "The stable rating outlook incorporates our expectation that Options Clearing Corp. (OCC) will maintain its cautious risk appetite and preserve the sound quality of its financial safeguards."

### **OCC Publishes PFMI Disclosures**

OCC began publishing its quantitative disclosure regarding the Principles for Financial Market Infrastructures (PFMI) in accordance with the Committee on Payments and Market Infrastructures and the Board of the International Organization of Securities Commissions (CPMI-IOSCO) "Public Quantitative Disclosure Standards for Central Counterparties."

### **OCC Pre-Trade Risk Controls Add Resiliency to Markets**

OCC's proposed rule change to the SEC on pre-trade risk controls served as a catalyst to spur significant change in the listed equity options market.

## GOVERNANCE AND MANAGEMENT ENHANCEMENTS

### **Three New Leaders Appointed to OCC Board of Directors**

OCC named William T. Yates and Thomas Wittman as new member directors, and Susan E. Lester as a new public director.

### **Expanded Leadership Team**

Throughout 2016, OCC expanded its leadership team. Craig S. Donohue agreed to stay on Executive Chairman and CEO for an additional three years, while creating the Office of the Executive Chairman and CEO. This includes Michael McClain as Chief Operating Officer and Scot Warren as Chief Administrative Officer. Among several key appointments, OCC named a new Chief Financial Officer, Amy C. Shelly, and promoted Joe Adamczyk to Senior Vice President and Chief Compliance Officer. John Fennell, formerly Executive Vice President, Financial Risk Management, was promoted to Executive Vice President and Chief Risk Officer. Dale Michaels was named Executive Vice President, Financial Risk Management. Adi Agrawal was promoted to Senior Vice President and Chief Audit Executive. Chip Dempsey joined OCC in a new role of Senior Vice President and Chief Commercial Officer, and Julie Bauer joined OCC as Senior Vice President, Government Relations.



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## INDUSTRY- LEADING INITIATIVES

### **2016 Cleared Contract Volume Fifth Highest Ever**

OCC cleared contract volume reached over 4.17 billion, the fifth-highest year in its history. Securities lending activity reached a new high, with over 1.9 million cleared new stock loan transactions, up 37 percent from 2015. OCC cleared futures volume was the highest ever, reaching 104 million contracts, up 56 percent from 2015.

### **OCC Honored with Two Clearinghouse of the Year Awards**

OCC was named Clearinghouse of the Year by *Global Investor/ISF Magazine* and *Futures & Options World*. These awards underscore the hard work and dedication of OCC's team to ensuring confidence in the financial markets and the broader economy. They also recognize OCC as a preeminent clearing organization and acknowledge OCC's adaptations to increased expectations as a SIFMU.

### **OCC Led Industry Initiatives in Washington, D.C.**

Working with the U.S. Securities Markets Coalition, OCC continued to strengthen its presence in Washington, D.C. as a leading industry advocate on important regulatory, legislative and tax issues affecting the listed options industry. A key focus was the Department of Labor fiduciary rule and its potential impact on the use of listed options by investors in their retirement accounts. Through the work of OCC and the Coalition, investors can continue to hold listed options in their retirement accounts.

### **Equivalence Recognition for U.S. CCPs**

OCC continued its efforts to ensure that it is recognized as a qualifying central counterparty under the European Market Infrastructure Regulation, and supported the SEC decision to approve clearing agency rules. Recognition of U.S. central counterparties subject to the SEC's jurisdiction will have significant positive impacts on the capital treatment exposures to OCC held by European bank-affiliated clearing members and other market participants subject to Basel III capital regulation in Europe. OCC supported the decision by the SEC to approve the agency's covered clearing agency rules, which was a critical step toward an equivalency agreement.

### **CalPERS and OCC Renew \$1 Billion Committed Repurchase Facility**

OCC and CalPERS, the largest U.S. pension fund, renewed its innovative, pre-funded \$1 billion committed repurchase facility, with a staggered maturity schedule in which \$500 million would be available for renewal in June 2016 and the remaining \$500 million would be available for renewal in January 2017. With this renewal, OCC maintains \$3 billion total in liquidity resources to backstop our daily settlement process.



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## **Appointment of New Options Industry Council Members**

In its role as the leading provider of unbiased education content to promote more responsible and prudent use of listed options by investors, OCC named four new members to The Options Industry Council Roundtable: Geralyn Endo with Bank of America Merrill Lynch, Gary Franklin with Raymond James, Frank Magnani with Interactive Brokers, and Barry Metzger with Charles Schwab & Co.

## **New Options Exchange Welcomed by OCC**

OCC welcomed the launch of ISE Mercury, bringing to 14 the total number of U.S. options markets. In 2016 OCC provided central counterparty clearing and settlement services to 19 exchanges and trading platforms for options, security futures, financial and commodity futures, and securities lending transactions.

## **Thought Leadership Promoted with Launch of Blog**

OCC launched a blog to promote its thought leadership. Topics included CCP Equivalency, Fintech, Risk Management, Industry Education, Securities Lending/Stock Loan, and more.